

THIS MORTGAGE, Made this 24TH day of NOVEMBER 1987, by THE FOUR RIVERS CO., an Oregon Corporation to ROREL HOLDING, INC.

Vol. MB1 Page 21255

WITNESSETH, That said mortgagor, in consideration of Three hundred sixteen thousand Seven hundred eighteen dollars and 95/100 Dollars, to him paid by said mortgagee, does hereby grant, bargain, sell and convey unto said mortgagee, his heirs, executors, administrators and assigns, that certain real property situated in Klamath County, State of Oregon, bounded and described as follows, to wit:

- PARCEL 1**
Section 9: All
- PARCEL 2**
Section 10: The SW1/4 NW1/4; the E1/2 SW1/4; and the SE1/4
Section 14: The S1/2 S1/2
Section 15: All
Section 16: All
Section 22: The NE1/4; the N1/2 NW1/4; and the SW1/4 NW1/4
Section 23: The N1/2 NE1/4; and the NW1/4

Subject to the following exceptions: (See attached Exhibit "A")
The above described property is situate in Township 36 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon said premises at the time of the execution of this mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the said premises with the appurtenances unto the said mortgagee, his heirs, executors, administrators and assigns forever.

This mortgage is intended to secure the payment of 1 promissory note, the terms of which are described as follows:
Promissory Note dated February 26, 1986, payable to HAMBROS BANK, LTD in the principal sum of \$316,718.95, accruing interest at ten percent (10%) per annum. Principal and interest payable February 26, 1988.
Mortgagor acknowledges that HAMBROS BANK, LTD interest was assigned to Rorel Holding, Inc.

The date of maturity of the debt secured by this mortgage is the date on which the last scheduled principal payment becomes due, February 26, 1988.
This mortgage is inferior, secondary, and made subject to a prior mortgage on the above described real estate made by THE FOUR RIVERS CO. dated April 15, 1987, and recorded in the mortgage records of the above named county in book/real volume No. MB7, at page 6405 thereof, or as a fee life instrument (Microfilm reception No. 73517), (indicate which), reference to said mortgage records hereby being made; the said first mortgage was given to secure a note for the principal sum of \$ 252,028.00 and no more; interest thereon is paid to April 15, 1987; said prior mortgage and the obligations secured thereby hereinafter, for brevity, are called simply "first mortgage."

Above described "first mortgage" was rerecorded on November 24, 1987, in Volume MB7, page 6405, Microfilm records of Klamath County, Oregon.

The mortgagee covenants to and with the mortgagee, his heirs, executors, administrators and assigns, that he is lawfully seized in fee simple of said premises; that the same are free from all encumbrances except said first mortgage and further except such as are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire and that he will warrant and forever defend the same against all persons; further, that he will do and perform all things required of him and pay all obligations due or to become due under the terms of said first mortgage as well as the note secured hereby; principal and interest, according to the terms thereof; that while any part of the note secured hereby remains unpaid he will pay all taxes, assessments and other charges of every nature which may be levied or assessed against said property, or this mortgage or the note secured hereby; when due and payable and before the same become delinquent; that he will promptly pay and satisfy any and all liens or encumbrances that are or may become liens on the premises or any part thereof superior to the lien of this mortgage; that he will keep the buildings now on or which hereafter may be erected on the said premises continuously insured against loss or damage by fire

and such other hazards as the mortgagee may from time to time require, in an amount not less than \$... in a company or companies acceptable to the mortgagee herein, with loss payable, first to the holder of the said first mortgage; second, to the mortgagee named herein and then to the mortgagee as their respective interests may appear; all policies of insurance shall be delivered to the holder of the said first mortgage as soon as insured and a certificate of insurance executed by the company in which said insurance is written, showing the amount of said coverage, shall be delivered to the mortgagee named in this instrument. Now if the mortgagee shall fail for any reason to procure any such insurance and to deliver said policies as aforesaid at least fifteen days prior to the expiration of any policy of insurance now or hereafter placed on said buildings, the mortgagee may procure the same at mortgagee's expense; that the mortgagee will keep the buildings and improvements on said premises in good repair and will not commit or suffer any waste of said premises. In the event any personal property is part of the security for this mortgage, then at the request of the mortgagee, the mortgagee shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the mortgagee.

The mortgagee warrants that the proceeds of the loan represented by the above described note and this mortgage are:
(a) primarily for mortgagee's personal, family or household purposes (see Important Notice below);
(b) for an organization, (even if mortgagee is a natural person) are for business or commercial purposes.
Now, therefore, if said mortgagee shall keep and perform the covenants herein contained and shall pay all obligations secured by said first mortgage as well as the note secured hereby according to its terms, this conveyance shall be void, but otherwise shall remain in full force as a mortgage to secure the performance of all of said covenants and the payments of the note secured hereby; it being agreed that a failure to perform any covenant herein, or if a proceeding of any kind be taken to foreclose any lien on said premises or any part thereof, the mortgagee shall have the option to declare the whole amount unpaid on said note or on this mortgage at once due or any lien, encumbrance or insurance premium as above provided for, or fail to do or perform anything required of him by said first mortgage, the mortgagee herein, at his option, shall have the right to make such payments and to do and perform the acts required of the mortgagee under said first mortgage; and any payment so made, together with the cost of such performance shall be added to and become a part of the debt secured by this mortgage, and shall bear interest at the same rate as the note secured hereby without waiver, however, of any right arising to the mortgagee for breach of covenant. And this mortgage may be foreclosed for principal, interest and all sums paid by the mortgagee at any time while the mortgagee neglects to repay any sums so paid by the mortgagee. In the event of any suit or action being instituted to foreclose this mortgage, the losing party agrees to pay all reasonable costs incurred by the prevailing party, all statutory costs and disbursements and such further sum as the trial court may adjudge reasonable as the prevailing party's attorney's fees in such suit or action, and if an appeal is taken from any judgment or decree entered therein, the losing party further promises to pay such sum as the appellate court shall adjudge reasonable as prevailing party's attorney's fees on such appeal, all such sums to be included in the court's decree.

Each and all of the covenants and agreements herein contained shall apply to and bind the heirs, executors, administrators and assigns of said mortgagee and of said mortgagee respectively.
In case suit or action is commenced to foreclose this mortgage, the Court may, upon motion of the mortgagee, appoint a receiver to collect the rents and profits arising out of said premises during the pendency of such foreclosure, and apply the same, after first deducting all of said receiver's proper charges and expenses, to the payment of the amount due under this mortgage.
In construing this mortgage, it is understood that the mortgagee or mortgagee may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, said mortgagee has hereunto set his hand the day and year first above written.
Mortgagee: *Paul Hindelang, PRES.*
In The Four Rivers Company
* IMPORTANT NOTICE: Delay by filing suit, whichever warranty (a) or (b) is not applicable. If warranty (a) is applicable and if the mortgagee is a creditor, as such word is defined in the Truth-in-Lending Act and Regulation Z, the mortgagee MUST comply with the Act and Regulation No. 1216 or equivalent.

(If executed by a corporation, affix corporate seal)
(If the signer of the above is a corporation, use the form of acknowledgment opposite.)
STATE OF OREGON, the mortgagee
County of Klamath
This instrument was acknowledged before me on October 24, 1987, by Paul Hindelang as President of The Four Rivers Co.
Michael L. Brant
Notary Public for Oregon
My commission expires 1-21-89
Trustee

SECOND MORTGAGE

(FORM No. 923)
STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

THE FOUR RIVERS CO.
MILLWAUKEE, WIS.

ROREL HOLDING, INC.

AFTER RECORDING RETURN TO:
Mike Brant, Attorney
325 Main Street
Klamath Falls, OR 97601

STATE OF OREGON
County of ss.
I certify that the within instrument was received for record on the day of, 1987, at o'clock M., and recorded in book/reel/volume No. on page or as fee/file/instrument/microfilm/reception No. Record of Mortgage of said County.
Witness my hand and seal of County affixed.
By NAME TITLE Deputy

1. Subject to such rights for railroad purposes as the Oregon California and Eastern Railroad Company may have under the Act of March 2, 1899, (30 Stat. 990), as set out in Land Status Report recorded October 20, 1958, in Book 305 at page 153, Deed Records of Klamath County, Oregon.
2. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied; in addition thereto a penalty may be levied if notice of disqualification is not timely given.
3. Rights of the public in and to any portion of the herein described premises lying within the limits of streets, roads or highways.
4. The rights of the public and of governmental bodies in and to any portion of the above property lying below the high water mark of Sprague River.
5. Reservations in Deed from United States of America to Lura W. Martin also known as Laura Willis Robinson Martin, including 1/2 interest in all subsurface rights, except water recorded October 14, 1957, in Book 295 at page 73, Deed Records of Klamath County, Oregon. (Affects: E1/2 E1/2 SW1/4, SE1/4 Section 15; W1/2 NW1/4, NE1/4 NW1/4 Section 22, Township 36 South, Range 13 East of the Willamette Meridian)
6. Reservations in Deed from United States of America to Lura W. Martin, including all subsurface rights, except water recorded November 12, 1958, in Book 295 at page 449, Records of Klamath County, Oregon. (Affects: S1/2 S1/2 Section 16, Township 36 South, Range 13 East of the Willamette Meridian)
7. Right of way, including the terms and provisions thereof, given by Laura Willis Martin and Floyd A. Martin, wife and husband to The California Oregon Power Company, a California corporation, recorded August 22, 1958, in Book 302 at page 394, Deed Records of Klamath County, Oregon. (Affects: Sections 22 and 23, Township 36 South, Range 13 East of the Willamette Meridian)

8. Reservations, subject to the terms and provisions as set forth in Land Status Report recorded October 20, 1958, in Book 305 at page 157, Deed Records of Klamath County, Oregon.
(Affects: W1/2 NW1/4, NE1/4 NW1/4 Section 22; E1/2 E1/2 SW1/4 Section 15, Township 36 South, Range 13 East of the Willamette Meridian)
9. Reservations, subject to the terms and provisions thereof as set forth in Land Status Report recorded October 20, 1958, in Book 305 at page 153, Deed Records of Klamath County, Oregon.
(Affects: SE1/4 Section 15, Township 36 South, Range 13 East of the Willamette Meridian)
10. Reservations, subject to the terms and provisions thereof as set forth in Land Status Report recorded October 20, 1958, in Book 305 at page 162, Deed Records of Klamath County, Oregon.
(Affects: S1/2 S1/2 Section 16, Township 36 South, Range 13 East of the Willamette Meridian)
11. Reservations, subject to the terms and provisions thereof as set forth in Land Status Report recorded December 15, 1958, in Book 307 at page 496, Deed Records of Klamath County, Oregon.
(Affects: SW1/4 NW1/4 Section 10; W1/2 SW1/4, W1/2 E1/2 SW1/4 Section 15, Township 36 South, Range 13 East of the Willamette Meridian)
12. Reservations, subject to the terms and provisions thereof, as set forth in Deed from the United States of America to Lura W. Martin recorded May 20, 1959, in Book 312 at page 513, Deed Records of Klamath County, Oregon.
(Affects: SE1/4, E1/2 SW1/4 Section 10; N1/2 Section 15; N1/2, N1/2 S1/2 Section 16, Township 36 South, Range 13 East of the Willamette Meridian)
13. Reservations, including the terms and provisions thereof, as set forth in Deed, including subsurface rights, except water, recorded June 1, 1961, in Book 330 at page 95, Deed Records of Klamath County, Oregon.
(Affects: SW1/4 NW1/4 Section 10; W1/2 SW1/4, W1/2 E1/2 SW1/4 Section 15, Township 36 South, Range 13 East of the Willamette Meridian, Klamath County, Oregon)
14. Reservations, restrictions, and easements as contained in Deed of Tribal Property recorded June 23, 1959, in Volume 313, page 468, Deed Records of Klamath County, Oregon. (Affects: Parcel 1)
15. Right of Way Easement created by instrument, including the terms and provisions thereof,
Dated: July 31, 1978
Recorded: August 16, 1978
Volume: M78, page 18127, Microfilm Records of Klamath County, Oregon
In favor of: Pacific Power & Light Company
For: Electric transmission and distribution line
(Affects: 100 foot right of way in the SE1/4 SW1/4 of Section 14)

Page 2 - Exhibit "A"

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ Mountain Title Company _____ the _____ 24th _____ day
of _____ November _____ A.D., 19 _____ 87 at 2:05 o'clock _____ P. _____ M., and duly recorded in Vol. M87
of _____ Mortgages _____ on Page 21255
FEE \$20.00
By Evelyn Biehn, County Clerk
